



# Department of Justice

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## **DEPARTMENT OF JUSTICE ANTITRUST DIVISION STATEMENT ON THE CLOSING OF ITS TWO STOCK EXCHANGE INVESTIGATIONS**

### ***Investigations Conclude Acquisition of Instinet Group Inc. by NASDAQ and Merger of NYSE and Archipelago Holdings Would Not Reduce Competition***

WASHINGTON, D.C. – The Department of Justice’s Antitrust Division issued the following statement today after the Department announced the closing of its investigations of the proposed acquisition of Instinet Group Inc. (Instinet) by The NASDAQ Stock Market Inc. (Nasdaq) and the proposed merger of the New York Stock Exchange Inc. (NYSE) and Archipelago Holdings Inc. (Archipelago) (collectively, the Exchange Mergers):

“After detailed investigations of the Exchange Mergers, the Department determined that neither transaction is likely to reduce competition substantially. Thanks in part to timing and discovery agreements that the Department reached with the parties, the Department was able to focus its investigations of these significant transactions on the critical and determinative issue of entry. Specifically, the Department examined whether the planned and likely entry of several firms, including regional stock exchanges supported by investments from some of the nation’s largest securities firms and investment banks, will be sufficient to resolve any competitive concerns raised by the transactions. The Department has determined that the imminent entry of these enterprises should result in additional, viable alternatives to the two merged firms sufficient to ensure that the markets remain competitive.

“The healthy functioning of the national market system is of vital importance to the economy, and the Antitrust Division will continue to monitor developments in the industry to ensure that the evolution of this dynamic and changing marketplace occurs without competitive constraints.”

### **Background**

The NYSE, one of the two leading equities markets in the country, announced plans to acquire Archipelago, which operates ArcaEx, one of the largest all-electronic stock markets in the world, on April 20, 2005. Nasdaq, the nation’s other leading equities market, announced its intention to acquire Instinet Group Inc., the institutional brokerage and electronic trading network controlled by the Reuters Group, on April 22, 2005. After the two transactions were announced, several separate enterprises, including regional exchanges such as the Boston Stock Exchange and the Philadelphia Stock Exchange, and others including BATS Trading Inc., announced their intent to enter and compete in the equity trading facilities services, listing services, and/or the market data service industries. Some of these ventures are backed by many of the nation’s leading investment banks and securities firms, including Merrill Lynch, Citigroup, UBS, Credit Suisse First Boston, Morgan Stanley, Goldman Sachs, Lehman Brothers, Citadel, and Fidelity Investments.

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